



Investing in Africa through Mauritius



June 2013

Mauritius – A strategic access to Africa .

- A unique fiscal and non-fiscal base with preferential market access to African Countries.
- Parallel fiscal and non-fiscal network to couple tax efficiency with investment /trade protection.
- 37 Double Taxation Treaties (DTTs) and 36 Investment Promotion and Protection Agreements (IPPAs).
- Distinctive regional hub with regional connectivity and trade access.

Mauritius: International Business Hub



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Mauritius: International Financial Centre (IFIC)

- Financial Services Industry with banking and non-banking activities.
- Major global banks and insurance players with local presence.
- Local Regulator : The Financial Services Commission (FSC).
- Compliance with international standard setters in Europe , US, UK and Asia.
- Regional Headquarters Scheme :
 - Regional Headquarter Company in Mauritius.
 - Support Group Operations in Africa and Asia.
- Global Investment Fund:
 - Domiciliation of new funds.
 - Collective Investment Schemes (CIVs).
- Insurance activities
 - Captive Insurance.
 - Insurance pooling.
- Asset Management.
- Private Wealth Management.

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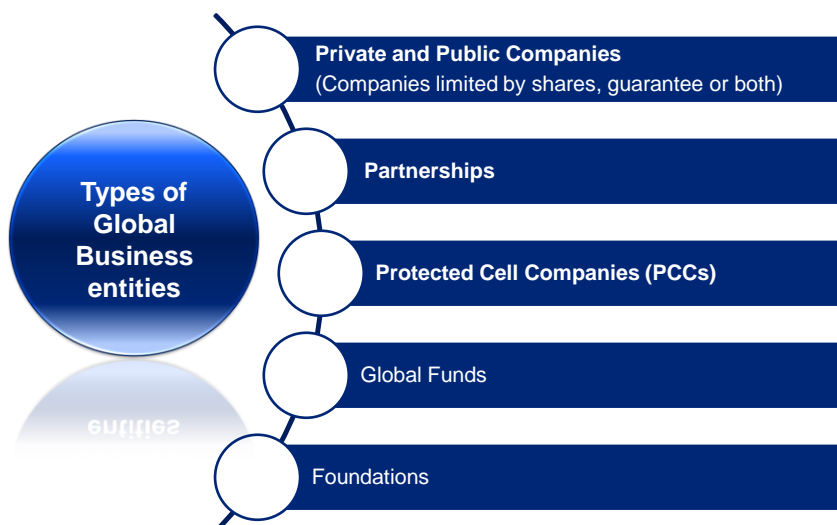
Mauritius: Global Business Framework

- Established in 1992.
- More than 25.000 Global business entities , including more than 800 investment funds.
- Enables Multinationals and Corporate Client to access the benefit of DTT network with Africa, Asia, Europe, India and the United States.
- Focus on innovation, collaboration and diversification with all existing and new partner States.
- Keen to benefit from on its economic relationship with Africa and China.
- Two major vehicles are available to set up an offshore company in Mauritius:
 - Global Business License 1 companies (GBC1).
 - Global Business License 2 companies (GBC2).

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Global Business – Legal Entities



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Mauritius Tax Regime – Fiscal Highlights

- Flat rate of 15% for both Corporates and Individuals.
- Tax credits available for withholding tax, Underlying tax and Tax Sparing.
- Generous deemed foreign tax credit of 80% for GBC 1.
- Maximum effective tax of 3% for GBC 1 entities.
- No Capital Gains Tax.
- No Inheritance, Wealth or Gift tax.
- No Controlled Foreign Companies Legislation.
- No Thin Capitalisation Legislation.
- No Transfer Pricing rules.
- No Withholding tax on dividend, interest, and royalty payments (for GBC1)
- DTT network with full or partial tax sparing provision

Global Business Licence 1 Company– GBC1

- Tax Resident
- Access to Double Tax Treaty network (37 DTTs).
- HoldCo for Regional Headquarters.
- Registered as a foreign branch or used as a permanent establishment (PE).
- No tax on interest paid to non-resident shareholders.
- Corporate tax at 15% but can claim 80% deemed FTC reducing maximum effective tax rate to 3%.
- Can avail of underlying and withholding taxes if more favorable to GBC1.
- Tax Sparing Provisions.
- May employ expatriates to maintain a physical office in Mauritius

Global Business Licence 2 Company - GBC 2

- Tax Exempt
- Similar features to BVI or Cayman Islands Companies
- Incorporation within 48 hours
- No resident director required, Only registered agent and registered office in Mauritius
- Corporate director allowed
- Migration allowed
- Business Privacy and Confidentiality
- Can be used as Trade Offices
- Can be used as Private Trust Company
- No Statutory Audit required, only Financial Summary filed with Regulator
- No access to treaty network

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Mauritius – Africa: Treaty table

Target Countries	Dividends		Interest		Royalties	
	<i>Withholding tax rates in target country on dividends paid</i>		<i>Withholding tax rates in target country on interest paid</i>		<i>Withholding tax rates in target country on royalties paid</i>	
	<i>Non-Treaty Rates</i>	<i>Treaty with Mauritius</i>	<i>Non-Treaty Rates</i>	<i>Treaty with Mauritius</i>	<i>Non-Treaty Rates</i>	<i>Treaty with Mauritius</i>
Botswana	15	5/10	15	12	15	12.5
Lesotho	25	10	N/A	10	N/A	10
Madagascar	20	5/10	N/A	10	N/A	5
Mozambique	20	8/10/15	20	0/8	20	5
Namibia	10	5/10	0	0/10	10.5	5
Rwanda	20	0	N/A	0	N/A	0
Senegal	10	0	6/8/16/20	0	20	0
Seychelles	15	0	10/40	0	0/15	0
South Africa	0	5/15	0	0	12	0
Swaziland	12.5/15	7.5	10	5	15	7.5
Tunisia	0	0	20	2.5	15	2.5
Uganda	15	10	15	10	15	10
Zambia	15	5/15	15	10	15	5
Zimbabwe	20	10/20	10	0/10	20	15

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Mauritius treaty network with Africa

In addition to the 14 treaties already in force, 10 others are at various of stage of negotiation as follows:

- Treaties awaits ratification: Congo, Egypt, Kenya and Nigeria.
- Treaties await signature with: Ghana and Gabon.
- Treaties are being negotiated with: Algeria, Burkina, Malawi and Tanzania.

Using Mauritius for investment
into Mozambique

Investing Directly in Mozambique

- **Case Study** – China Co investing directly in Mozambique

China Holding company

WHT on Dividends – 20%

Payments:

- Interest – 20%
- Royalties – 20%
- Technical Fees – 20%

Mozambique Invest. Company

Tax Suffered

- Corporate Taxation at 32% in Mozambique
- WHT on dividend – 20%
- If China Holding Co disposes of its investment interests in Mozambique, this would trigger a capital gain tax of 32% in Mozambique

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Investing in Mozambique through Mauritius

China Holding Company

Payments: Dividends, Interest, Royalty – NIL

Mauritius Holding Company

Payments by way of dividends – Saving of 12% on WHT

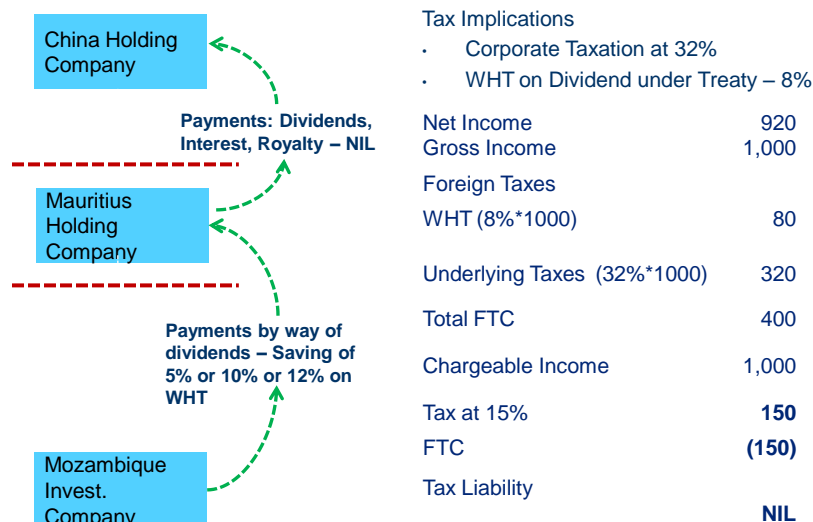
Mozambique Invest. Company

Tax Implications

- Reduce WHT applying the Mauritius Treaty
- No WHT on outbound payment from Mauritius
- No Capital Gains Tax in Mauritius – **Capital gains taxation on share transfer under the Mauritius – Mozambique DTA: taxed only in the state where the alienator is resident**

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Illustration of Tax Computation in Mauritius



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Investment Promotion and Protection Agreements Signed between Mauritius and African countries

- Mauritius has signed Investment Promotion and Protection Agreements (IPPAs) with numerous African countries
- IPPAs provide additional comfort to investors since they significantly reduce investment risks in those countries where there may exist some risk of nationalization or expropriation
- IPPA provides various benefits to the investors when investing in African countries:
 - free repatriation of investment capital and returns
 - guarantee against expropriation
 - most favoured nation rule with respect to treatment of investment
 - compensation for losses in case of war or armed conflict or riot
 - arrangement for settlement of disputes between investors and the contracting states

IIIPA signed with Mauritius

[Botswana](#)
[South Africa](#)
[Swaziland](#)
[Zimbabwe](#)
[Benin](#)
[Burundi](#)
[Ghana](#)
[Mauritania](#)
[Tchad](#)
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Overview : Mauritius , DTTs/ IPPAS and Africa

DTTs

- 37 are in place.
- 14 already ratified with Africa
- More DTT are currently in negotiation.
- Seen as a safe as a reputable fiscal jurisdiction.
- African Tax Authorities / States are keen to develop relationship with Mauritius.

IPPAs

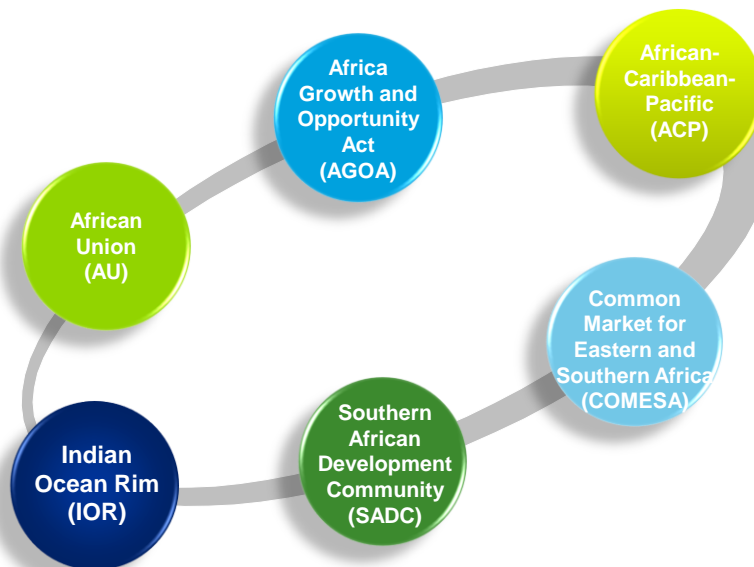
- 39 are in place
- China already ratified
- 21 to be ratified with Africa
- Holds the International Arbitration Centre (LMAC)
- Ability to act a mediator and neutral State for all parties.

Unique Fiscal and Non-fiscal Platform

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China – Mauritius – Africa Connectedness



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